



Coast Guard Flag Voice 124

PAY AND BENEFITS IMPROVEMENTS FY01

This year's Department of Defense Authorization Act (NDAA) again contains many great improvements to military member pay and benefits. The following is a summary of the major changes to pay and compensation.

Another Flag Voice will deal exclusively with the vast improvements in health care. Please give these Flag Voices the widest dissemination, as the impact on all of our members is HUGE!

Pay:

Increases Basic Pay by 3.7% effective 1 January 2001.

- In addition to this across-the-board pay raise authorized for active duty and reserve personnel, institutes a separate targeted pay raise for pay grades E-5, E-6, and E-7 effective 1 July 2001.
- Authorizes service secretaries to reform Career Sea Pay to as much as \$750 per month and to increase premium sea pay (after 36 months of sea duty) to a maximum of \$350 per month (from \$100 per month). The Coast Guard and the Navy are evaluating this new authority and exploring new programs to increase this incentive pay's effectiveness.
- Authorizes increases in Special Duty Assignment Pay (SDAP) from \$275 to \$600 per month (implementation subject to need/funds availability by individual service).
- Increase cadet pay on 1 October 2001 from \$600 per month to 35% of the basic pay rate for an O-1 under 2 years service.

Disestablishes Foreign Duty Pay on 31 December 2000. Enacts Hardship Duty Pay-Location (HDP-L). Rates, based on Department of State rating percentage, will be \$50, \$100, or \$150 per month. This new entitlement will be for members assigned to duty stations involving significant hardship. Only areas rated by the State Department along with areas specially designated by DoD will be eligible. Most areas like Alaska where members received Foreign Duty Pay will no longer qualify for the new HDP-Location. We were successful in grandfathering those members presently receiving Foreign Duty

Pay until they PCS. (See upcoming ALCOAST for further details on HDP-L.)

Allowances:

Reduced Basic Allowance for Housing (BAH) national out-of-pocket housing cost to 15 percent from current 19 percent.

- Institutes plans to reduce BAH median out-of-pocket housing costs to zero by 01 January 2005.
- Raises all BAH with-dependents rates for pay grades E-1 through E-3 to the same level as the E-4 rate within the same military housing area (MHA), effective 1 July 2001.
- Extends authority to pay BAH at without-dependents rate to single E-4s assigned afloat under the same conditions that are currently authorized for single E-5s assigned afloat.
- Allows back payment of January and February BAH increase for all areas that experienced a decrease in the beginning of calendar year 2000.
- Authorizes the Commandant, under certain circumstances, to grant members with-dependents BAH at their prior duty station rate when members are disadvantaged when receiving no-cost PCS transfers (where the transportation of HHG are not authorized).
- Allows members with dependents assigned to a location where dependents were not authorized to accompany the member to receive BAH based on dependent's location or old permanent duty station. Members who were transferred PCS to current duty stations prior to 1 October 2000 may apply for such BAH effective 1 October 2000.

Establishes a Family Supplemental Subsistence Allowance for members with-dependents who are food-stamp eligible and make application for such allowance. Maximum allowance set at \$500 per month. Members may be eligible if total household income (including the member's BAH entitlement (even if member is in quarters)) is less than food-stamp income eligibility ceiling. The Family Subsistence Supplemental Allowance implementation team is now being formed and applications will be generated and requested within the next several months. The tentative startup date is 1 May 2001.

- Eliminates Partial BAS and authorizes Basic Allowance for Subsistence (BAS) at the SEPRATS rate effective 1 October 2001. All enlisted members (except recruits) will be entitled to BAS at the SEPRATS rate, pay for mandatory meals at the Basic Daily Food Allowance (BDFA) rate when assigned to a dining facility and essentially pocket the difference every month. All future BAS changes will be tied to the annual USDA food

cost index.

- Increases initial uniform allowance for Regular and Reserve officers from \$200 to \$400. Increases additional uniform allowance for Regular and Reserve officers from \$100 to \$200.

Montgomery GI Bill (MGIB):

Active duty service members who participated in the Veterans Educational Assistance Program (VEAP) have a one-year period to convert to the more generous MGIB. Enrollment cost is \$2,700, and is paid via payroll deduction over 18 months; if member is separated before full \$2,700 is paid, member may elect to pay remainder or have remainder deducted from retired pay. Member must have served continuously on active duty between 9 October 1996 and 1 April 2000 to be eligible, and if discharged/RELAD after 1 April 2000, must have an honorable discharge.

Retirement:

Authorizes members, who entered the service 1 August 1986 or later, to choose after 1 August 2001 either: (a) \$30,000 career status bonus at 15 years service and continue under REDUX retirement formula (40% at 20 years of service); or (b) convert to the previous higher retirement formula (50% basic pay at 20 years of service).

Authorizes active duty and reserve members to participate in the Thrift Savings Plan (TSP). Contributions of up to 5% of basic pay and up to 100% of all special and incentive pays will begin 1 Jan 2002. Regular annual contribution is limited to \$10,500 per year. There will be a 60-day open season to enroll (Oct - Dec 2001) with two open enrollment seasons a year. While the law allows for the services to provide a matching retention bonus on a monthly basis, no service has current plans to do so. For more information, go to: <http://www.tsp.gov>.

Special compensation to severely disabled retirees (\$100 to \$300 per month) becomes payable to members retired under Coast Guard disability rules as well as retirees rated only by the VA with disabilities of 70% or higher, effective 1 October 2001. This year's NDAA extended this special compensation to service members who are militarily retired due to disability.

Permanent Change of Station (PCS) benefits:

- Members transferred PCS may be authorized to receive advance TLE or TLA payments.
- Increases E-1 through E-4 Dislocation Allowance (DLA) payments to members with-

dependents to the same level as E-5 effective 30 October 2000.

Bonuses:

- Establishes enlistment bonuses of up to \$20,000 for members enlisting for 2 years at the discretion of the Secretary concerned (minimum enlistment to qualify for a bonus previously was 4 years). The Coast Guard does not plan to use this bonus at this time.
- Authorizes the services to develop career retention bonuses for officers and enlisted members holding a critical military skill, if the member has less than 25 years service, and signs a retention/reenlistment/extension agreement of 1 year or more. Multiple retention bonuses may be paid, up to the career limit of \$200,000. Bonuses may be paid in lump sum or in installments. This is an important tool to have the in Coast Guard's retention tool kit. While we have no money reserved for this bonus in FY01, we will be studying its potential for FY02 and beyond. We must notify Congress of which skills will be offered the bonus, along with why and the expected retention impact, at least 90 days before offering the bonus.

Specific Reserve Compensation changes:

- Reservists performing funeral honors duty may be authorized either an allowance of \$50 or pay for a single IDT drill, at the discretion of the Secretary concerned.
- Reserve enlisted members performing IDT or appropriate duty may be paid Special Duty Assignment Pay (SDAP) during IDT (at rate of 1/30th of the monthly SDAP rate). Implementation is subject to prescription by the Secretary concerned.
- Maximum non-active duty retirement points a reservist may earn in one year is increased from 75 to 90 points.
- Reservists completing 20 years satisfactory service will be automatically covered under full Reserve Component (Survivor Benefits Plan) SBP unless the reservist (with spousal concurrence) declines coverage within 90 days of the 20-year notification.

Regards, FL Ames

[Flag Voice Contents](#)

This page is maintained by [HR Webmaster \(CG-1A\)](#)